

SECRETARY OF DEFENSE WILLIAM J. PERRY  
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## Perry Opposes Renewing Work On Stealth Jet

Defense Secretary's Stance  
Deals Blow to Northrop,  
B-2's Prime Contractor

By THOMAS E. RICKS  
And JEFF COLE

*Staff Reporters of THE WALL STREET JOURNAL*  
WASHINGTON — Defense Secretary William Perry said he firmly opposes renewing production of the B-2 Stealth bomber. His comments set up a major obstacle to a months-long campaign for the bomber by Northrop Grumman Corp., some top Air Force officials and dozens of members of Congress.

Mr. Perry indicated in an interview that he is thinking more about killing and stretching major defense programs than about starting or restarting new ones. "I do expect there will be some terminations announced later this month," he said. But he declined to say precisely where the axe would fall among the 10 aircraft, missile and ship programs known to be under review by his office.

"I'm not going to support a B-2 restart," Mr. Perry said, verbally digging in his heels, he added: "I don't have the last word on everything that happens in this town, but I have a pretty big word on that issue."

The forcefulness of the stand by Mr. Perry — known in the defense establishment as "father of stealth" for his work in the 1970s on radar-eluding technologies — chalks out the difficult battle ahead for Los Angeles-based Northrop Grumman, the prime contractor on the \$44.4 billion B-2 program, and its allies in the defense industry and in Washington.

Last summer, despite a congressional agreement to cap the program at 20 planes, B-2 supporters led by Rep. Norman Dicks, a Washington state Democrat, fought hard to win \$125 million to help prop up the capacity for building the B-2 while the nation's strategic needs are reassessed.

### B-2 Termed 'Centerpiece'

Many in the Air Force have joined with Northrop Grumman and its allies in the aerospace industry to push to sustain the B-2. They argue, in part, that cutbacks at U.S. bases overseas have increased the need for the long-range bombers.

At a "naming ceremony" for one B-2 in Seattle last week, Gen. Michael Loh, chief of the Air Combat Command, told 25,000 Boeing Co. workers and others that the B-2 is "the centerpiece" of emerging strate-

gies for the service. Boeing builds a significant part of the B-2.

While Mr. Perry declined to specify which programs he will target for termination, the Defense Department is deep into reviews of the idea of significantly stretching out development and production of the \$70 billion F-22 fighter under development by Lockheed Corp. and Boeing. Some have proposed an even more radical option: cutting the planned procurement of 442 F-22 jets, and instead buying just a few dozen aircraft, as was done with the B-2 and the F-117 Stealth attack jet.

There has been speculation that Congress, led by a California delegation deeply worried by the continuing impact of defense budget cuts on that state's economy, would stop the Pentagon from trimming the F-22 program. But Mr. Perry said he thought Congress would in fact go along with a delay or radical cut in the F-22 program. "I'm not saying we're going to do that, but to answer your question, if we were to propose that, I think we would have a reasonable probability that Congress would support it," he said.

One big program that seems close to cancellation is the Army's RAH-66 Comanche helicopter, which is being developed by Boeing and the Sikorsky unit of United Technologies Corp. The Pentagon also has been considering cutting Northrop Grumman's Tri-Service Standoff Attack Missile, a radar-eluding cruise missile.

### Osprey Troop Transport

Another major candidate for termination is the troubled V-22 Osprey vertical-takeoff troop transport, which is being built by Boeing and the Bell unit of Textron Inc. But cutting the V-22 would be politically difficult for the Pentagon, because it would mean reneging on a campaign endorsement of the aircraft by President Clinton. Also, the V-22 is most strongly backed by the Marine Corps, which probably wields more clout with Congress than any of the other services.

The notion of major new cuts in Pentagon programs surfaced in August, when Deputy Defense Secretary John Deutch sent a memorandum to the services ordering them to consider cutting or trimming major weapons programs.

The campaign to build more than 20 B-2s began early this year, but has run directly into a budget squeeze in which major weapons programs are being pitted against each other. Some elements in the Air Force supported the B-2, while others feared that buying more bombers would endanger the F-22 program — a trade-off that Mr. Perry invoked in his discussion of the question on Wednesday. He called the bomber "a wonderful airplane," but indicated that he thinks more B-2s are less necessary than "F-22s and other tactical systems."

Discussing the consolidation of the de-

defense industry caused by declining defense budgets, Mr. Perry said. "I do believe there's a lot more necessary."

Some have argued that the worst cut-backs are over for the defense industry, because the portion of the defense budget dedicated to procurement is bottoming out at about \$45 billion a year. Mr. Perry rejected that view, saying, "I think our procurement budget is close to the bottom right now, but that hasn't rippled its way all through the defense industry yet. There's still more capacity out there than is needed."

In a speech Wednesday to the Center for Naval Analyses, Mr. Perry's old friend and new acquisition chief, Paul Kaminski, was more specific about the extent of defense-industry overcapacity. He said about one third of the defense industrial base is essentially unneeded.

Mr. Perry was guarded in discussing the most prominent current step toward defense-industry consolidation, the pending merger of Lockheed and Martin Marietta Corp. Under a new procedure implemented earlier this year by the Clinton administration, the Pentagon's views are being included in the administration's antitrust considerations of the proposed transaction, which would be the biggest defense-industry combination ever.

Simply because it is so big, and because it involves "substantial antitrust considerations," Mr. Perry said. "I think Lockheed Marietta is going to be a real bell-wether."

Mr. Perry said the government hasn't reached conclusions yet about the planned transaction, but indicated that the Pentagon's views on it would be fairly complex. "It's quite possible that the Defense Department recommendations on that would have some fine-grained nuances in it—that is, would be looking at divisions within the company and making various recommendations," he said. That comment raises the possibility that the government might require the merged company to spin off part of its space-launch or satellite businesses.

The planned merger has drawn fire from some rivals in those and other segments of the industry, but Lockheed and Martin Marietta say the combination raises no significant antitrust problems.

Lockheed Chairman Daniel Tellep, who would become chairman of the merged Lockheed Martin Corp., said the companies are responding to an expected Federal Trade Commission second request for information on the merger's impact on "space-launch vehicles, systems engineering and other areas." He said the same information will be provided to reviewers at the Pentagon, who also soon will hear the companies' estimates of how much the merger would save the government.